

Real Power Losses Whitepaper Outline

(draft outline 013103 – CCOpatrny and RPaschall)

- Outline current loss return policy.
TBL currently allows a Transmission Contract Holder (TCH) to change loss providers up to twice/year on a 60 days' notice. Real Power Losses are replaced in accordance with BPA TBL's OATT, Schedule 9 and the applicable Service Agreement. Typically, losses are returned 168 hours later (seven days); one complete day of hourly schedules (0000 – 2400) are returned to TBL (on the TBL Network where the loss provider interconnects with TBL's Network) seven days later.
- Outline how other transmission providers in the WECC handle loss returns, e.g., BC Hydro, CAISO, WAPA, etc. **[Shirley Buckmier]**
- Outline FERC's perspective: additional flexibilities as long as reliability is not compromised. **[to be completed]**
- Outline options:
 - self-provision/third-party returns 168 hours later;
 - concurrent returns; and,
 - financial settlement.
- It is assumed that Transmission Contract Holders (TCHs) would be permitted to choose between physical and financial settlements. This means that each TCH would have the option to choose between one of the two available physical return options (concurrent or 168 hours later) and retain the option to settle Real Power Loss obligations financially.

(I) Self-provision/Third-party returns 168 hours later **[to be completed]**

(II) Concurrent Return of Real Power Losses

Concept: All transmission schedules (above a certain size) using TBL's transmission system would have the option of providing concurrent losses which means that a separate losses schedule for every hour would be submitted which would account for all transactions that hour (an aggregated losses schedule). Assuming current loss percentages, transactions over the Network would include an additional 1.9%; transactions involving the Utility Delivery Segments would include an additional 0.6% (for DSI Delivery Segments, as specified in the Service Agreement) and, for use of the Southern Intertie Segment would include an additional 3.0%.

Size: Transmission Schedules that exercise the concurrent return right must be larger than 53 MW (1.0 MW loss obligation on the Network). Transmission schedules that are smaller than 53 MW for a given hour could be rounded and rolled to the next hour, assuming that the next hour is a like hour.

Transmission Capacity: As a result of delivering concurrent losses, Transmission Contract Holders may need to secure additional transmission capacity for the losses schedule.

Points of Receipt: Losses could be delivered from any POR (any interchange point between the loss provider and BPA).

Reconciliation: Reconciliation between scheduled and actual transactions would be accompanied with a reconciliation of losses.

Frequency of Exercising Return Option: Transmission Contract Holders would be limited to choosing one of the two physical return options (e.g., once every month), however, the TCH could choose the financial return option as frequently as on a daily basis, unless this proved to be administratively infeasible.

TBL's Role: TBL would track hourly loss returns and reconcile such with aggregated hourly loss obligations. Monthly accounting of losses would be part of the monthly billing procedures. Issues regarding the accuracy of bills would be handled in accordance with the OATT and a due process procedure which would impose a deadline on reconciliation between TBL and its TCHs.

PBL's Role: PBL may continue to be a potential supplier of losses at least for those customers for whom it acts as Transmission Contract Holder and potentially, for others via third party transactions.

(III) Financial Settlement of Real Power Losses

Concept: All transmission schedules using TBL's system would have the option to settle losses on a financial basis. This means that losses would be valued by an appropriate index, e.g., Mid-C, and tracked on an hourly, daily and monthly basis. At the end of each month, a Transmission Contract Holder would pay TBL the sum total of the hourly amounts multiplied by the applicable indexed price(s), e.g., hourly or diurnal distinction). Assuming current loss percentages, transactions over the Network would include an additional 1.9%; transactions involving the Utility Delivery Segments would include an additional 0.6% (for DSI Delivery Segments, as specified in the Service Agreement) and, for use of the Southern Intertie Segment would include an additional 3.0%.

Size: This option would be available for all transactions no matter how large or small.

Transmission Capacity: Financial loss settlement does not require securing additional transmission capacity.

Points of Receipt: Financial loss settlement does not involve designating PORs.

Reconciliation: Reconciliation between scheduled and actual transactions would be accompanied with a reconciliation of losses.

Frequency of Exercising Return Option: The TCH could choose the financial return option as frequently as on a daily basis, unless this proved to be administratively infeasible.

Aggregation of Schedules: The Financial Settlement would be done on a monthly basis; therefore, all hourly schedules for any given month multiplied by the applicable index value would be aggregated into one single payment for the loss obligation. The index would be determined by BPA TBL and would either be an hourly index, or a diurnal index (Heavy-Load Hour and Light-Load Hour).

TBL's Role: TBL would identify the market index for valuing losses. TBL would track loss returns and reconcile such with loss obligations. Monthly accounting of losses would be part of the monthly billing procedures. Issues regarding the accuracy of bills would be handled in accordance with the OATT and a due process procedure which would impose a deadline on reconciliation between TBL and its TCHs.

PBL's Role: PBL, along with other potential suppliers of energy, would compete for selling TBL the least-cost energy for losses.

(IV) Other Considerations:

- Would TBL (PBL) sell losses on an annual basis, e.g., contract for such with TCHs?
- Other